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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In Re:

EASTERDAY RANCHES, INC., *et al*,
Debtors.¹

Chapter 11

Lead Case No. 21-00141-WLH11
Jointly Administered

**WASHINGTON TRUST BANK'S
OBJECTION TO THE PROPOSED
FINAL ORDER AUTHORIZING
DEBTOR EASTERDAY FARMS TO
USE CASH COLLATERAL AND
GRANTING ADEQUATE
PROTECTION**

I. INTRODUCTION

Washington Trust Bank ("Washington Trust"), by and through its attorney Trevor R. Pincock of Lukins & Annis, P.S., objects to the Proposed Final Order Authorizing Debtor Easterday Farms to Use Cash Collateral and Granting Adequate Protection (the "Final Order").

¹ The Debtors along with their case numbers are as follows: Easterday Ranches, Inc., (21-00141-WLH11) ("Ranches") and Easterday Farms, a Washington general partnership (21-00176-WLH) ("Farms").

**WASHINGTON TRUST BANK'S OBJECTION
TO THE PROPOSED FINAL ORDER
AUTHORIZING DEBTOR EASTERDAY
FARMS TO USE CASH COLLATERAL AND
GRANTING ADEQUATE PROTECTION: 1**

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1 Washington Trust recognizes that Easterday Farms (the “Debtor”) needs to
2 use some cash collateral to pay operating expenses, but Debtor has not justified its
3 need for \$3 million over the next four weeks when it currently does not have a
4 viable 2021 plan in place for the farm ground.
5

6 Based on its stated timeframe, Debtor’s use of cash collateral should be
7 limited to the justified minimum amount necessary to maintain operations for two
8 weeks to allow continued efforts to lease the ground, move forward with a viable
9 wheat plan, or plant a cover crop² that will maintain the quality of the soil and
10 minimize loss to the Estate.
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13 **II. OBJECTION**

14 Washington Trust objects to the proposed Final Order because Debtor does
15 not have a viable plan for a 2021 crop. The proposed four-week budget
16 unnecessarily delays a decision on what to do with the farm ground at a cost of \$3
17 million in additional use of cash collateral.
18
19

20 In the March 3 status conference, counsel for Debtor provided the Court
21 with a summary of the farming issues. Counsel stated that Debtor has two weeks
22 to make a decision regarding the farm ground, and that the farm ground should not
23

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25 ² Cover crops are plants that are planted to manage soil erosion, soil fertility, soil
26 quality, water, weeds, etc., rather than for purposes of being harvested. Wheat is
not a cover crop.

**WASHINGTON TRUST BANK’S OBJECTION
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FARMS TO USE CASH COLLATERAL AND
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1 remain fallow. Debtor's counsel then set forth three options they have considered
2 with respect to the farm ground:

3
4 1) Plant potatoes and onions. (Debtor's counsel stated that this is not a real
5 possibility and that this option has been rejected.)

6
7 2) Plant wheat. (Debtor's counsel recognized that this is not profitable and
8 that it will require DIP financing, which is not currently in place.)

9 3) Lease the ground to third-party farmers.

10 Washington Trust agrees with Debtor's counsel that the farm ground should
11 not remain fallow, that Debtor planting potatoes and onions is not feasible, and that
12 a decision regarding the 2021 crop needs to be made soon.

13
14 As set forth in Washington Trust's objection to the interim budget [Doc
15 119], the best option for the Estate is to lease the ground. Leasing significantly
16 reduces the need for cash collateral, potentially saves the Estate's sunk costs for
17 inputs, doesn't require DIP financing, and provides cashflow to the Estate.

18
19 With respect to ground that isn't leased, Debtor's management team and
20 Washington Trust have engaged in discussions regarding the wheat crop option,
21 and as of the time of this filing they continue to discuss this option. However, it's
22 not expected to take an additional four weeks to determine whether a wheat crop is
23 a viable option.
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**WASHINGTON TRUST BANK'S OBJECTION
TO THE PROPOSED FINAL ORDER
AUTHORIZING DEBTOR EASTERDAY
FARMS TO USE CASH COLLATERAL AND
GRANTING ADEQUATE PROTECTION: 3**

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1 If Debtor is unable to negotiate and enter into leases within the short time
2 left to do so, and the wheat option is determined to be inviable, then a potential
3 alternative option is to plant a cover crop. The Debtor's stated goal is to liquidate
4 its real property assets. Based on that goal, a cover crop is a potential alternative
5 (if leasing isn't available and a wheat crop isn't feasible) because it will not require
6 significant expense or expertise to manage, it will maintain and preserve the
7 quality of the soil, allow for the anticipated real property sales, and likely will not
8 require DIP financing. Although a cover crop will not provide much, if any,
9 income to the Estate, it's an alternative that likely won't require DIP financing and
10 the costs will be known.

14 Although Debtor is providing Washington Trust a Replacement Lien and
15 other Adequate Protection, Debtor's plan to delay a decision regarding the 2021
16 farm ground beyond two weeks is too costly. Debtor's use of cash collateral
17 should be limited to the justified minimum amount necessary to maintain
18 operations for two weeks to allow continued efforts to lease the ground, determine
19 if wheat is a viable option, or alternatively plan to plant a cover crop that will
20 maintain the quality of the soil and minimize loss to the Estate.

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**WASHINGTON TRUST BANK'S OBJECTION
TO THE PROPOSED FINAL ORDER
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GRANTING ADEOUATE PROTECTION: 4**

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1 Washington Trust respectfully requests the court to enter an Order
2 accordingly.
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4 DATED this 4th day of March, 2021.

5 LUKINS & ANNIS, P.S.

6
7 By 
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10 JED W. MORRIS
11 WSBA #13832
12 Attorneys for Washington Trust
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**WASHINGTON TRUST BANK'S OBJECTION
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